GAMING POLICY & ENFORCEMENT BRANCH

Ministry of Public Safety and Solicitor General

ANNUAL REPORT

April 1, 2004 to March 31, 2005

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LETTER OF TRANSMITTAL

I am pleased to submit the Gaming Policy and Enforcement Branch annual report for fiscal year 2004/05 to the British Columbia Legislature. The information presented in this report reflects the activities of the Ministry of Public Safety and Solicitor General's Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2005.

John Les
Minister of Public Safety and Solicitor General

ACCOUNTABILITY STATEMENT

Honourable John Les
Minister of Public Safety and Solicitor General
Province of British Columbia

Minister:

The 2004/05 Annual Report of the Gaming Policy and Enforcement Branch was prepared under my direction. I am responsible for the contents of the report, including the selection of accomplishments and how they are reported. The information presented in this report reflects the activities of the Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2005.

Derek Sturko
Assistant Deputy Minister & General Manager
Gaming Policy and Enforcement Branch

GAMING IN BRITISH COLUMBIA 2004/05 KEY FACTS

Gaming in BC is a $2.3 billion per year industry. In 2004/05, the sector had:

- 13,350 direct employees and an estimated additional 5,000 indirect jobs;
- Provincial and Canada-wide lottery products;
- About 7,000 licensed gaming events annually;
- 1,000 different types of gaming equipment; and
- 250 companies directly or indirectly involved.

In 2004/05, gaming in BC took place at:

- 19 year-round casinos and 1 seasonal casino;
- 27 commercial bingo halls;
- 4 community gaming centres;
- 5 horse race tracks; and
- 19 horse racing teletheatres.

In 2004/05, the regulation of gaming in BC included:

- The registration of 3,921 gaming workers;
- The registration of 2,326 horse racing industry workers;
- The certification of 507 pieces of equipment;
- 516 audits of licensed gaming events and use of gaming grant proceeds;
- Audits of half the bingo halls in the province;
- Audits of every casino and community gaming centre in the province; and
- 2,839 investigations in response to allegations of wrongdoing.

THE ORGANIZATION OF GAMING IN BC

Gaming in the province is regulated under the Criminal Code of Canada and BC's Gaming Control Act. The responsibility for ensuring the effective regulation of gaming belongs to the Minister of Public Safety and Solicitor General.

Minister Responsible for Gaming

The Minister provides broad policy direction to ensure government's social and economic priorities for gaming are achieved. The Minister is not involved in decisions respecting individuals or specific companies or organizations, or in the day-to-day management of gaming.

The Gaming Policy and Enforcement Branch

In 2002, five organizations were amalgamated to form the Gaming Policy and Enforcement Branch (GPEB), an organization that has 116 employees, an annual operating budget of approximately $15 million, and responsibility for the administration of over $200 million in annual gaming grants.

GPEB ensures the integrity of the gaming industry in BC by:

- Developing and managing gaming policy, legislation and standards;
- Regulating all aspects of the gaming industry;
- Managing the distribution of provincial grants to communities and community organizations;
- Managing the Responsible Gambling Strategy and Problem Gambling Program;
- Licensing all charitable gaming events;
- Licensing horse race tracks, teletheatres and employees;
- Overseeing horse racing events, determining the outcome of each race and adjudicating related matters;
- Registering gaming service providers and gaming workers;
- Approving and certifying gaming equipment and lottery schemes;
- Auditing charitable and commercial gaming activities to ensure compliance; and
- Investigating all alleged contraventions of the BC Gaming Control Act and, in cooperation with law enforcement, investigating all alleged contraventions of relevant sections of Canada's Criminal Code.

British Columbia Lottery Corporation

Most commercial gaming in BC is conducted and managed by the British Columbia Lottery Corporation (BCLC). Headed by a board of directors appointed by Cabinet, BCLC reports to the Minister of Public Safety and Solicitor General and is regulated by the Gaming Policy and Enforcement Branch.

BCLC responsibilities include:

- Conducting and managing provincial gaming (lotteries, casinos, commercial bingo halls and community gaming centres);
- Ensuring that provincial gaming is operated according to government public interest standards and BCLC operational standards;
- Establishing operational standards, including facility standards, operational policies and procedures, and customer service standards;
- Setting rules of play for lotteries, casinos, and commercial bingo halls;
- Managing all contracts and formal relationships with service providers;
- Operating "PlayNow" (Internet based delivery of lottery products).
- Managing lottery agreements with other provinces and the federal government;
- Subject to local government approval, determining the location or relocation of all gaming facilities, except horse race tracks and teletheatres; and
- Transferring net gaming proceeds to government.

Other Key Participants in BC's Gaming Industry

There are several other important participants in British Columbia's gaming industry, including:

- **Gaming Service Providers** – BCLC contracts private sector companies to provide day to day operational services at its gaming facilities and lottery outlets. These companies include casino and bingo operators and lottery retailers;
- **Horse Racing Service Providers** – GPEB licences private sector companies to conduct live horse racing and manage teletheatres; and
- **Licensed Charities** – GPEB licences eligible community organizations to conduct and manage gaming events (ticket raffles, independent bingos, wheels of fortune or social occasion casinos). Revenues from these events are used to fund programs and services in communities across British Columbia.

WHERE IS GAMING PERMITTED IN BC?

Commercial Gaming

	Casinos	Bingo Halls	Community Gaming Centres	Race Tracks	Lottery Outlets	Internet	Licensed Events	Pubs and Bars
Commercial Bingo		•	•					
Lottery Products	•	•	•	•	•	•		•
Slot Machines	•		•	•				
Table Games	•							
Live Horse Racing				•				
Horse Racing Teletheatres	•			•				•

Licensed Gaming Events

	Casinos	Bingo Halls	Community Gaming Centres	Race Tracks	Lottery Outlets	Internet	Licensed Events	Pubs and Bars
Raffles							•	•
Independent Bingo							•	•
Social Occasion Casinos							•	
Wheels of Fortune							•	

WHERE THE MONEY GOES

Gaming revenue provides significant benefits to people and communities throughout British Columbia. Social programs, community services and local economic development are all enhanced by gaming revenue.

Each year, BC Lottery Corporation's net income is directed to the Province's Consolidated Revenue Fund. In 2004/05, the total amount directed to government to support social programs, health care, and education was almost $819 million.

In general, these funds were distributed to support communities and community organizations, regulate the industry, directly support health care programs and support government's delivery of social programs.

Appendix A of this document details how these funds were distributed. Appendix B summarizes GPEB's direct operating expenditures, including expenditures supporting responsible gambling.

Support for Communities and Community Organizations

In 2004/05, the Gaming Policy and Enforcement Branch distributed almost $135 million in grants to over 5,900 community organizations. In addition to these gaming grants, licensed charities received $27 million through licensed gaming activities such as ticket raffles, social occasion casinos, wheels of fortune and independent bingo and an estimated $38 million through small licensed events. Gaming revenues support the work of thousands of community groups across the province.

Local governments that host casinos or community gaming centres receive a share of the revenue generated by casino gaming in their community and use the funds to benefit their communities. For instance, the funds have been used to enhance arts and cultural programs, upgrade parks, playgrounds and sports fields, and provide additional policing, road maintenance and recycling programs.

In 2004/05, local governments received $53 million to provide programs and services that might not otherwise have received funding.

An additional $3 million was distributed to communities throughout British Columbia for local economic development.

Further, GPEB distributed $4.2 million to the horse racing industry to support the revitalization of that industry through a number of economic and business initiatives including increased purse pools.

GAMING POLICY & ENFORCEMENT BRANCH RESPONSIBILITIES AND 2004/05 ACHIEVEMENTS

Mission Statement

The Gaming Policy and Enforcement Branch regulates all gaming in British Columbia, ensures the integrity of people and equipment involved in the gaming industry and investigates allegations of wrongdoing. This includes regulatory oversight of the British Columbia Lottery Corporation, all gaming service providers and gaming workers, British Columbia's horse racing industry, and licensed gaming events. The Branch manages the Province's responsible gambling strategy and distributes gaming proceeds on behalf of government.

Responsibilities & Achievements

The Gaming Policy and Enforcement Branch's seven divisions work together to ensure gaming in BC is conducted and managed according to provincial and federal legislation and to ensure the integrity of the industry.

A summary of each division's responsibilities and key accomplishments in 2004/05 follows.

Further, on behalf of the Province, GPEB has implemented two important strategies:

1. **The Responsible Gambling Strategy**, developed to educate people about responsible play and assist those who may develop a gambling problem; and

2. **The Illegal Gambling Enforcement Strategy**, which helps ensure gaming is conducted fairly and honestly, and that illegal forms of gambling are addressed.

Both these strategies play an important role in ensuring gambling in the province operates in the best interest of British Columbians. Summaries of these strategies are in subsequent sections of this report.

POLICY, LEGISLATION AND STANDARDS DIVISION

GPEB's Legislation, Policy and Standards Division develops and maintains a rigorous and transparent policy and regulatory framework for gaming and horse racing in British Columbia. The division is also responsible for managing the Province's Responsible Gambling Strategy.

Responsibilities

- Advise the Minister on broad policy, standards and regulatory issues.
- Develop, manage and maintain government's gaming legislation, regulations, policies, standards and directives.
- Establish industry-wide public interest standards for gaming operations (e.g., security and surveillance, responsible gambling, advertising and conflict of interest).
- Manage the Responsible Gambling Strategy and related programs and services.
- Ensure clinical and prevention services are in place for problem gamblers.
- Manage communications, stakeholder relations and monitor public opinion.

2004/05 Achievements

- Industry wide advertising and marketing standards were fully implemented and are monitored on an ongoing basis.
- Streamlined the processes and approvals related to the location, relocation and substantial changes to gaming facilities.
- Reduced administrative obligations while maintaining the requirement for local government approval and the opportunity for community input.
- Continued to refine and standardize the policy framework for community organizations' access to gaming revenue through grants and gaming event licences.
- Regulatory requirements were simplified and redirected to matters such as responsible messaging and protection of minors.
- In certain circumstances, allowed licensed gaming proceeds to assist with relief efforts for disasters and emergencies that occurred outside of British Columbia.
- Revised guidelines for Class A and Class B gaming event licences to make them simpler to use and easier to understand.
- Developed and implemented standardized guidelines for Class C gaming event licences (conducted and managed by boards of eligible fairs and exhibitions).
- Developed and implemented a new revenue-sharing formula in which a portion of government's proceeds from slot machines at horse race tracks supports the revitalization of the horse racing industry.
- Streamlined and substantially improved the usefulness of GPEB's web site for users.

LICENSING AND GRANTS DIVISION

GPEB's Licensing and Grants Division distributes grants to community organizations through the direct access and bingo affiliation gaming programs. The division issues gaming event licences to eligible charitable and religious organizations.

Responsibilities

- Ensure gaming grants and gaming event licences are issued in a timely manner and in accordance with policies and regulations.
- Determine which community organizations are eligible for gaming event licences and/or gaming grants. Where appropriate, attach additional conditions or deny licence or grant requests.
- Enhance community awareness of requirements for licensed gaming events.
- Work with the other divisions to resolve any matters that could impact the integrity of gaming.

2004/05 Achievements

- Reduced average processing time for Direct Access applications from 6 months to a maximum of 12 weeks.
- Implemented an online application for class B gaming event licences to reduce processing time and improve public access. These applications represent over 95% of all applications for gaming event licences. Approximately 99% of such applications are now received on-line.
- Paid over 4,000 community organizations almost $79 million in direct access program grants.
- Paid a further 2,000 community organizations almost $55 million in bingo affiliation grants.
- Made 27 presentations and met with over 1,000 community organizations to assist their understanding of provincial grant and licensing requirements.

Licences and Grants Distributed	2004/05	2003/04
Direct Access Grants (grants for charitable community organizations)	4,010	3,987
Bingo Affiliation Grants (grants for organizations affiliated with local bingo halls)	1,937	2,009
A Licences (charity gaming events with over $20,000 in revenues)	374	479
B Licences (charity gaming events with under $20,000 in revenues)	6,599	5,672
C Licences (fair & exhibition gaming licences)	3	3

RACING DIVISION

GPEB's Racing Division regulates horse racing in British Columbia by developing fair and appropriate rules, effectively managing race events, and ensuring the suitability of employees and horses.

Responsibilities

- Issue horse racing licences in conjunction with the Registration Division.
- Monitor and enforce the Rules of Thoroughbred and Standardbred Racing and BC's Gaming Control Act and Regulation with respect to horse racing.
- Oversee and review each race run, and ensure it is run honestly and fairly.
- Approve race dates for each race track in the province.
- Supervise and control horse race meets to determine race winners/finishers and adjudicate on any matter related to horse racing events.
- Inspect and adjudicate matters arising from race meets and race tracks.
- Ensure the rules, regulations, and Gaming Control Act are adhered to by licensees.

2004/05 Achievements

- Regulated and oversaw 1,992 races at the three major tracks in the province.
- Regulated 12 race days at minor tracks including Sagebrush Downs in Kamloops and Kin Park in Vernon.
- Conducted 1,075 hearings and issued 420 rulings, including fines and suspensions.
- Processed and issued 1,212 licences to individuals involved in horse racing, such as owners, grooms, jockeys, and veterinarians.
- Revised several horse racing policies, covering issues such as the shipping of race horses, prohibited substances, breathalyzer testing, drug testing and whipping.
- Conducted compliance reviews of all race tracks and teletheatres in the province and directed track and teletheatre operators to make necessary improvements.

Horse racing statistics at major tracks by calendar year	Horses Programmed	Live Race Days	Live Races	Rulings Issued
Fraser Downs Racecourse (Surrey)				
2004	10,280	96	1,195	210
2003	10,096	100	1,230	187
Sandown Racecourse (Sydney)				
2004	746	10	106	24
2003	980	12	127	8
Hastings Racecourse (Vancouver)				
2004	5,607	71	691	186
2003	5,677	69	689	165

REGISTRATION DIVISION

GPEB's Registration Division registers gaming service providers and gaming workers. The division also approves and certifies gaming equipment and lottery schemes. These approvals are a condition of involvement in the industry.

Responsibilities

- Conduct thorough and timely background investigations of gaming services providers and gaming workers in an independent, fair and confidential manner.
- Conduct clearance investigations of designated appointees and employees of the BC Lottery Corporation responsible for the conduct, management or operation of gaming.
- Conduct clearance investigations of all GPEB employees.
- Review ownership, lease agreements and sources of proposed financing involving new locations and relocations of gaming venues.
- Certify and/or approve gaming equipment and lottery schemes, including Internet sites certified for the delivery of lottery products.
- Work with BCLC to ensure industry and public confidence in gaming through the approval and certification program for gaming equipment.
- Maintain a registry of gaming services providers and gaming workers.

2004/05 Achievements

- Conducted background investigations of 5,848 gaming workers and 1,216 horse racing personnel.
- Conducted background investigations of 77 gaming services providers.
- Provided regulatory oversight of 190 gaming service providers and 432 senior officials.
- Conducted reviews concerning the relocation of 9 gaming facilities.
- Developed standardized monitoring and reporting forms for corporate registrants.
- Issued 4 suspensions and cancelled or denied 100 registrations.

Number of Registrations and Equipment Certifications	2004/05	2003/04
Gaming operators and service providers	77	72
Gaming equipment suppliers	75	55
Gaming workers (cashiers, dealers, security, etc.)	5,848	3,255
Horse racing industry (jockeys, owners, trainers, etc.)	1,216	1,466
Key Persons (owners, board members, executives, etc.)	177	109
Non-gaming related contractors (janitors, landlords, concessionaires, etc.)	98	46
Equipment certifications	523	179
Branch and Corporation personnel	46	195

AUDIT AND COMPLIANCE DIVISION

GPEB's Audit and Compliance Division manages a comprehensive audit strategy for commercial gaming (including horse racing), licensed gaming events and community organizations' use of gaming proceeds. The division works closely with community organizations to improve compliance with all applicable legislation and policies.

Responsibilities

- Establish and maintain an audit framework, audit and inspection standards, policies and procedures for all gaming operations and the use of gaming funds (commercial gaming, horse racing, licensed gaming and gaming grants).
- Ensure licensees, grant recipients, service providers and the BC Lottery Corporation comply with regulatory requirements.
- Ensure commercial gaming, including horse racing, and licensed gaming events are conducted in compliance with gaming legislation, directives, policies and procedures.
- Audit all gaming sites, licensees and grant recipients as scheduled, or as circumstances require.
- Develop and deliver programs to interested groups to ensure recipients of gaming funds understand the conditions of their gaming license or grant, including accounting, reporting and use of proceeds.
- Provide compliance enhancement recommendations for solutions for non-compliant licensees and grant recipients.

2004/05 Achievements

- Implemented a Compliance Enhancement Program to ensure grant recipients are aware of requirements and improve their compliance rate.
- In support of that objective, made 20 presentations to groups of community organizations that receive gaming funds.
- Saw the overall level of charities' compliance with requirements rise from 70% to 76%.
- Completed and implemented an audit and compliance framework for the horse racing industry.
- Engaged the Office of the Comptroller General to review the effectiveness of GPEB's audit and compliance frameworks for commercial gaming, horse racing and community organizations.
- Implemented a process to monitor and improve BCLC's compliance with the audit and compliance framework, including BCLC's Play Now website.
- Adopted a risk based approach for the performance of audit assignments.

Audits of gaming activity in British Columbia	2004/05	2003/04
Compliance audits including all casinos and community gaming centres and 50% of commercial bingo halls.	43	35
Audits of all registered raffles, 50% of major ticket raffles, 25% of charities receiving more than $50,000 in grants and a random selection of other organizations receiving grants.	516	597

INVESTIGATION DIVISION

GPEB's Investigation Division investigates all complaints or allegations of regulatory wrongdoing, and assists law enforcement agencies in criminal investigations in gaming and horse racing in British Columbia.

Responsibilities

- Coordinate the management of the Province's Illegal Gambling Enforcement Strategy.
- Investigate complaints and allegations of wrongdoing in gaming and horse racing by conducting investigations in a professional, thorough, timely and lawful manner consistent with the Criminal Code of Canada, the BC Gaming Control Act, the Charter of Rights and Freedoms and other lawful authorities.
- Conduct all post registration, licensing and clearance investigations in relation to allegations of wrongdoing.
- As part of the Integrated Illegal Gaming Enforcement Team (IIGET), participate in the investigation of illegal gambling activities.
- Ensure all complainants are advised of the outcome of complaints in a timely manner.

2004/05 Achievements

- Processed over 2,800 complaints (both illegal gaming and unlawful activity in legal gaming venues).
- Developed and implemented the Province's Illegal Gambling Enforcement Strategy in cooperation with other stakeholders.
- As part of that strategy, established the Integrated Illegal Gaming Enforcement Team (IIGET), a partnership where 12 RCMP officers work alongside GPEB investigators to target illegal gaming in the province.
- In conjunction with BCLC and service providers, improved the reporting of real and suspected infractions under section 86 of the Gaming Control Act.
- Implemented a program that allows the issuance of tickets for some offences under BC's Gaming Control Act as an option in pursuing charges.

Investigations Initiated in 2004/05	
Theft	276
Fraud	23
Money laundering & loan sharking	110
Counterfeit	1,115
Assaults & threats	149
Gaming Control Act violations	279
Cheating at play	43
Other	516
Total	**2,511**

Investigations Closed in 2004/05	
Charges under Criminal Code	12
Charges under Gaming Control Act	0
Total warnings (verbal and written)	9
Administrative sanctions	120
Ticket Violation Notices (TVN)	1
Intelligence	1,435
Unfounded reports	48
Other	910
Total	**2,535**

Notes: 2004/05 is the first year that statistics are available. This table does not include 328 investigations conducted by IIGET. For these data, see page 20.

MANAGEMENT SERVICES DIVISION

GPEB's Management Services Division provides financial advice to the branch executive, administers the branch budget, makes grant and other payments on behalf of the branch, provides effective and efficient information and technology support and manages all branch facilities.

Responsibilities

- Develop and manage branch financial and administrative policies, standards, procedures, controls and systems.
- Develop and prepare the overall budget including annual budget estimates, forecasts and analysis of trends and variances.
- Ensure effective management of GPEB funds, assets and resources in accordance with all statutory, regulatory and policy requirements.
- Make all payments to community organizations, host local governments and others.
- Ensure compliance with human resource policies, collective agreements and central agency directives.
- Develop and manage the information technology requirements of the branch.

2004/05 Achievements

- Analyzed GPEB's existing business processes and functions to plan and implement improvements.
- Implemented all resulting improvements other than those related to information systems.
- Initiated the next phase to replace GPEB's existing technology systems with an integrated system designed to support branch business requirements and enhance public access to programs and services.
- Administered the payment of grants to community organizations, local governments that host casino gaming, local economic development and the horse racing industry. Ensured complete compliance with government's standard financial accounting practices in the payment of those grants.
- Implemented a new electronic records management system for GPEB employees.

BC's Responsible Gambling Strategy

Over 95% of British Columbians who gamble do so responsibly. However, a small percentage of people develop problems related to excessive gambling.

The Province launched BC's Responsible Gambling Strategy in 2003. The strategy involves the Province, BC Lottery Corporation, local governments, gaming service providers and others to ensure that gambling in BC is delivered in a responsible manner.

Goals of BC's Responsible Gambling Strategy:

1. **Reduce the incidence of problem gambling** by creating greater awareness of: problem gambling issues, services and risk management strategies; and encouraging gamblers to know the risks, their limits and to play within their means.

2. **Reduce harmful impacts of excessive gambling** by: providing effective and efficient assistance to individuals experiencing problems with gambling and reducing the consequences of problems related to gambling.

3. **Ensure the delivery of gambling in a manner that encourages responsible gambling and healthy choices** by: informing government and the industry on issues related to problem gambling and responsible gambling; implementing policies and practices that reduce the harm related to excessive gambling; improving the knowledge and ability of the gambling industry to deal with gambling problems, providing responsible gambling opportunities through training; and promoting programs designed to encourage healthy choices and responsible play.

BC's Problem Gambling Program

GPEB's Problem Gambling Program is a key component of government's overall Responsible Gambling Strategy. In British Columbia, about 4.6% of the population demonstrate characteristics that could lead to a gambling problem. Approximately 4.2% of the population is at risk of developing, or has developed, moderate gambling problems. A further 0.4% of the population is at high risk of becoming, or has become, a problem gambler.

Problem gambling is a treatable condition that can impact a problem gambler's family, employer and community.

The Problem Gambling Program manages and delivers the Province's problem gambling services. In 2004/05, the budget for the Problem Gambling Program was $4 million.

Problem Gambling Program Statistics	2004/05	2003/04
Total Help Line calls (includes erroneous calls and hang-ups)	6,178	5,168
Calls made to Help Line specific to problem gambling	3,127	3,353
Referrals to Problem Gambling Program	2,373	1,151
Counselling service admissions	961	625
Contracted service providers		
Clinical counsellors	28	27
Prevention service providers	19	17
Provincial coordinators	3	3
Number of prevention information sessions delivered	1,561	1,006

Responsible Gambling Strategy Programs and Services

Programs and services offered under the Responsible Gambling Strategy include:

- 24 hour toll free Help Line, for information and referral: 1-888-795-6111;
- Twenty-eight contracted professional clinicians who deliver counselling services. These services are provided to anyone experiencing difficulties with gambling free of charge and at each client's preferred location;
- Nineteen prevention service providers who work in cooperation with healthcare organizations, schools, First Nations communities, seniors and youth groups, and the gaming industry. Prevention information sessions raise awareness of the Problem Gambling Program, how to access help, and how to gamble responsibly;
- Three provincial program coordinators who provide subject area expertise and coordinate services for specialized populations;
- Development and distribution of awareness materials, including posters and brochures translated into Chinese, Punjabi, Spanish, and Vietnamese; and
- Providing information at all casinos, commercial bingo halls, community gaming centres, horse race tracks and lottery retail outlets and on a web site that provides information on gambling and problem gambling (including the odds of winning and myths about normal gambling behaviour).

2004/05 Achievements

- Fully implemented BC's Responsible Gambling Strategy.
- Developed a three-year plan in support of this strategy.
- Implemented Advertising and Marketing Standards for the BC Gambling Industry.
- Launched a regionally based, responsible gambling advertising campaign.
- Began a multi-year study on the impact of the relocation of casinos and the introduction of slot machines in four Lower Mainland communities.
- Helped establish the national research agenda for problem/responsible gambling.
- Received 3,100 Help Line calls related to problem gambling.
- Handled 2,400 counselling referrals.
- Admitted almost 1,000 clients to our contracted counselling services.
- Conducted a problem gambling client satisfaction survey, with over 98% of clients rating our counselling services as very good to excellent.
- Completed an industry wide implementation of the "Know your limit, play within it" responsible gambling message.
- Evaluated the effectiveness of a new, fee for service contract model with service providers and implemented necessary adjustments.
- Translated materials into four languages to better educate ethnic communities about problem gambling.

BC's Illegal Gambling Enforcement Strategy

BC's Illegal Gambling Enforcement Strategy focuses on the elimination of illegal forms of gambling and addresses illegal activity occurring in legal gaming venues.

Illegal forms of gambling include all gaming not permitted by Canada's Criminal Code and authorized by the Province of British Columbia. For instance, this includes, but is not limited to: unsanctioned and illegal casinos, social clubs and bingo halls; unlicensed raffles or lotteries; common gaming houses; illegal slot machines or video lottery terminals; bookmaking; and illegal Internet gambling sites.

Illegal activity in legal gaming venues includes activity that could be a criminal offence under Canada's Criminal Code, or a regulatory offence under BC's Gaming Control Act. Examples of such offences include, but are not limited to: money laundering, counterfeiting, loan sharking, cheating at play and theft.

To address illegal gambling and illegal activity related to gambling, the Province has implemented an Illegal Gambling Enforcement Strategy.

Goals of BC's Illegal Gambling Enforcement Strategy:

1. **Reduce the incidence of illegal gambling** by investing all allegations of illegal forms of gambling, either in cooperation with, or on behalf of, law enforcement agencies.

2. **Ensure the integrity of legal gambling** by investigating all complaints and allegations of wrongdoing in legal gaming venues.

Under this strategy, every allegation of wrongdoing is investigated either by GPEB personnel, or by GPEB personnel in cooperation and assistance with the appropriate police of jurisdiction. Through these investigations, GPEB enforces BC's Gaming Control Act and assists law enforcement agencies in enforcing the Criminal Code of Canada.

Illegal Gambling Enforcement Strategy Activities

A key element of this strategy was the creation of the Integrated Illegal Gaming Enforcement Team in 2004. The team consists of Branch investigators and 12 RCMP officers. Branch investigators and RCMP work together throughout the province to address illegal gaming issues and enforce gaming provisions of the Gaming Control Act and the Criminal Code.

Other key aspects of the strategy include various approaches to enforcement and sanctions intended to improve compliance rates and reduce demands on the court system. These include:

- Charges under Canada's Criminal Code or BC's Gaming Control Act;
- Violation ticket notices with penalties ranging from $150 to $500, allowing investigators to ticket offences under BC's Gaming Control Act;
- Administrative sanctions, allowing for the revocation of a licence or registration, placing additional conditions on a licensee or registrant, or imposing a fine; and
- Issuing written or verbal warnings where appropriate.

2004/05 Achievements

- The Integrated Illegal Gaming Enforcement Team (IIGET) became operational and initiated 328 investigations.
- Ticket violation notices began to be used by both GPEB and RCMP investigators.
- GPEB and the RCMP investigators used innovative approaches to better identify and prosecute offenders.

Files Generated in 2004/05	
Video gambling machines	40
Common gaming houses	57
Illegal lotteries	187
Internet/on-line gambling	21
Assisted other agencies/police	0
Other	23
Total	**328**

Files Cleared in 2004/05	
Charges under Criminal Code	0
Charges under Gaming Control Act	2
Verbal or written warnings	43
Ticket Violation Notices	3
Intelligence	1
Unfounded	27
Other	8
Total	**84**

Notes: IIGET became operational late in the 2004/05 fiscal year. As a result the number of investigations initiated and closed is relatively low. This table does not include 2,511 investigations conducted by GPEB. For these data, see page 15.

LOOKING AHEAD

Gaming is a popular form of entertainment in British Columbia. More than eight out of every ten British Columbians gamble routinely. This may involve purchasing a lottery ticket, visiting a commercial gaming facility to play bingo, casino games or horse race events, or participating in a licensed gaming event conducted by a charitable organization.

The gaming industry is becoming increasingly complex. This operating environment includes the development of multi-purpose gaming venues, the preference of customers for electronic games, the rising popularity of illegal poker and the increasing availability of illegal Internet gambling sites. All these emerging trends pose a challenge to maintaining current levels of integrity in the industry. In particular, illegal forms of gaming pose one of the greatest challenges at the provincial and national level. Such gaming is not regulated and is often conducted in a socially irresponsible manner, taking advantage of problem gamblers.

In the coming year GPEB will continue to enhance its efforts to ensure the integrity of gaming in BC.

In 2005/06, GPEB intends to strengthen the legal framework for the industry and develop a policy framework that addresses the challenges of illegal Internet sites where gaming opportunities are provided. This will involve discussions with other Canadian jurisdictions. Specifically, IIGET will increase its effort in enforcing provisions of the Criminal Code of Canada related to illegal Internet gambling.

Further, GPEB will develop, implement and enforce public interest standards applicable to the entire industry in order to enhance public safety. This will include responsible gambling standards, security and surveillance standards, and enhanced standards for the certification of electronic gaming equipment such as slot machines.

We will continue to streamline and clarify aspects of our registration program requirements and review the effectiveness of GPEB's audit and compliance frameworks for commercial gaming, horse racing and community organizations and make any necessary improvements.

In support of the Responsible Gambling Strategy, GPEB will:

- Implement the three year plan by involving local governments, service providers and other major stakeholders in the strategy;
- In partnership with BCLC, deliver training to gaming industry staff to help them identify and respond to patrons experiencing distress; and
- Increase awareness of available treatment services through a focused awareness campaign.

In support of the Illegal Gambling Enforcement Strategy, GPEB will:

- Complete the implementation of the strategy;
- Ensure the joint operations team with the RCMP (IIGET) is fully operational;
- Work to get more accurate information on the extent of illegal gambling in BC through the efforts of that team; and
- Enhance communications to ensure the public and other enforcement agencies are aware of the circumstances under which gaming may legitimately be conducted.

The Office of the Auditor General initiated a review of the integrity of casino gaming during the 2004/05 fiscal year. A key element of the review is to assess GPEB's efforts in maintaining integrity in the industry through its various functions (e.g., registration, audit, investigations). Responding to this review will be a key priority for 2005/06.

We will monitor and evaluate the performance of all our Divisions using the measures laid out in the Ministry Service Plan and Branch Business Plan.

Finally, we will work to implement a new, comprehensive technology system intended to improve clients' access to branch programs and services through on-line methods and better integrate the work of GPEB divisions.

APPENDIX A
2004/05 Financial Statements – Distribution of Gaming Revenues

The following statement provides an overview of the distribution of gaming revenues by the Branch. This statement presents fairly, in all material aspects, the financial statements and operations of the Gaming Policy and Enforcement Branch.

I. Source and Distribution of Government Gaming Revenue (in $ millions)

Source of revenue	2004/05	2003/04
Lotteries	$282.8	$288.9
Horse racing betting fees	1.9	N/A
Casinos	515.3	418.3
Bingo		
Paper and electronically linked bingo	15.8	20.3
Community gaming centre slots	3.0	N/A
Total Revenues	**$818.8**	**$727.5**
Distribution of revenues		
Distributed to Communities		
Community organizations	$134.5	$131.7
Local governments	53.3	44.9
Local economic development	2.9	8.0
Accounting Adjustment (DAC)	(11.3)	N/A
Horse racing purse enhancements	4.2	N/A
Gaming Policy and Enforcement Branch		
Branch operations (including salaries and business expenses)	11.4	11.7
Problem Gambling Program	3.1	3.1
BC Government Programs		
Health Special Account	147.3	147.0
Consolidated Revenue Fund	465.4	373.1
Government of Canada		
Federal/Provincial lottery agreement	8.0	8.0
Total amount distributed	**$818.8**	**$727.5**

II. Gaming Revenue Distributed to, or Earned by, Local Community Organizations (in $ millions)

Government Grants and Payments	2004/05	2003/04
Direct access	$78.6	$74.2
Bingo affiliation	54.6	55.7
Independent linked bingo	0.2	0.3
Provincial trust (miscellaneous organizations)	0.2	N/A
One time payments	0.9	N/A
Top-up grants	N/A	1.5
Total grants and payments	*$134.5*	*$131.7*

Earned by Community Organizations (Net of Prizes Only)		
Ticket raffles	$24.9	$32.3
Independent bingo	1.7	4.1
Other (including social occasion casinos, wheels of fortune and the Pacific National Exhibition Casino)	0.4	0.3
Total amount earned by community organizations	*$27.0*	*$36.7*
Total revenues distributed to, and earned by, community organizations	**$161.5**	**$168.4**

† Operators of B license gaming events are not required to report revenues, in 2004/05 an estimated $38 million was earned by community organizations through B license events.

III. Gaming Revenue Distributed to Local Governments

Community	2004/05	2003/04
Burnaby	$7,550,107	$7,523,012
Coquitlam	6,839,714	6,863,255
Dawson Creek	107,344	N/A
Kamloops	1,911,895	1,846,803
Kelowna	2,460,667	2,296,919
Ktunaxa/Kinbasket Tribal Council Society	1,111,632	1,008,667
Nanaimo	2,734,583	2,531,328
New Westminster	4,729,870	6,684,548
Penticton	2,166,128	2,047,244
Prince George	1,931,685	1,663,019
Quesnel	599,944	606,770
Richmond	9,891,217	2,793,041
Surrey	2,524,492	N/A
Vancouver	3,224,751	3,933,634
Vernon	1,513,781	1,476,976
Victoria	3,858,611	3,547,397
Wells	7,310	27,285
Williams Lake	155,161	N/A
Total funds to host local governments	**$53,318,892**	**$44,849,898**

IV. Gaming Revenue Distributed to Horse Racing Industry

Horse Racing Venue	2004/05	2003/04
Fraser Downs Racetrack & Casino	$2,100,000	N/A
Hastings Racecourse	2,100,000	N/A
Total funds to Horse Racing Industry	**$4,200,000**	—

APPENDIX B
2004/05 Financial Statements – GPEB Budget and Operating Expenditures

I. Gaming Policy and Enforcement Branch 2004/05 Financial Statement

Gaming Policy and Enforcement Branch Budget	2004/05	2003/04
Branch Budget		
Branch Operations	$11,141,000	$11,392,000
Problem Gambling Program	4,000,000	4,000,000
Total Branch Budget	***$15,141,000***	***$15,392,000***
Branch Expenditures		
Branch Operations		
Salaries and benefits costs	$7,410,653	$7,762,678
Operating and business expenses	2,217,726	2,441,816
Legal and professional services	1,761,092	1,485,322
Subtotal	*$11,389,471*	*$11,689,816*
Problem Gambling Program		
Salaries and benefits costs	$241,572	$218,671
Operating and business expenses	257,283	466,977
Legal and professional services	226,372	145,450
Contracts	2,373,676	2,267,807
Subtotal	*$3,098,903*	*$3,098,905*
Total GPEB Expenditures	***$14,488,374***	***$14,788,721***
Surplus/(Deficit)	**$652,626**	**$603,279**

FOR MORE INFORMATION

Gaming Policy and Enforcement Branch Website:

http://www.pssg.gov.bc.ca/gaming

British Columbia Partnership for Responsible Gambling Website:

http://www.bcresponsiblegambling.ca

The Head Office for the Gaming Policy and Enforcement Branch is located in Victoria with regional offices in Burnaby, Kelowna and Prince George.

Publication number: 06009

Printing date: April 2006

BRITISH COLUMBIA
www.gov.bc.ca